

## **U.S. - CENTRAL AMERICAN – DOMINICAN REPUBLIC FREE TRADE AGREEMENT: BENEFITS TO THE U.S. SPIRITS INDUSTRY**

April 2005

The Distilled Spirits Council of the United States, Inc., a national trade association representing U.S. producers, marketers and exporters of distilled spirits products, strongly supports the Free Trade Agreement with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. Our member companies export spirits products to more than 130 countries worldwide, including to each of the five Central American countries and the Dominican Republic. In 2004, U.S. exports to the five Central American countries and the Dominican Republic increased 37% compared with 2003 exports, reaching over \$3.9 million.

### **The FTA will open the market immediately to U.S. exports.**

- ❖ Under the Central American FTA, all five countries will immediately eliminate their tariffs on American whiskey and gin, which currently range from 10% to 40% *ad valorem*. Honduras will also eliminate immediately its current tariff of 15% on liqueurs. The Dominican Republic FTA will immediately eliminate the tariff on most American whiskeys. All other tariffs under both agreements will be phased out over 5, 10 or 15 years. The FTA will create a competitive advantage for American producers of distilled spirits relative to other imported distilled spirits.

### **The U.S.-Central American-Dominican Republic FTA secures important protection for Bourbon and Tennessee Whiskey**

- ❖ Securing recognition of Bourbon and Tennessee Whiskey as distinctive products of the United States will ensure that only spirits produced in the United States, in accordance with the laws and regulations of the United States, may be sold as Bourbon or Tennessee Whiskey in the five Central American countries and the Dominican Republic. Bourbon and Tennessee whiskey are, by far, the leading U.S. spirits exports worldwide.

### **The FTA solidifies the status of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic as important trading partners for the U.S. spirits industry.**

- ❖ Since 1990, U.S. exports of distilled spirits worldwide have more than doubled, growing to over \$716 million in 2004. In 2004, total U.S. exports of spirits increased by 22.1% over 2003 values. Exports will continue to fuel the U.S. industry's growth.
- ❖ Over the last five years, U.S. direct exports of distilled spirits to Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic have grown by almost 85%. The U.S.-Central American-Dominican Republic FTA will help ensure continued growth in U.S. spirits exports to the region.

